

SOLANO COUNTY ECONOMIC FORECAST

Solano County is located in the San Francisco Bay Area. The county shares its eastern and northern borders with Yolo and Sacramento Counties. The economy of Solano County was one of the bright spots in the post dot-com Bay Area, but the recent subprime situation has hit the county especially hard. Solano County has a population of 424,000 people and 128,800 wage and salary jobs. The per capita income in Solano County is \$36,419, and the average salary per worker is \$54,389.

Employment growth in Northern California was modest in 2007, compared to the previous two years. Employment in the greater Bay Area increased by 1.3 percent last year. In 2007, 1,900 wage and salary jobs were lost in Solano County, representing a growth rate of -1.5 percent. The unemployment rate increased to 5.4 percent in 2007.

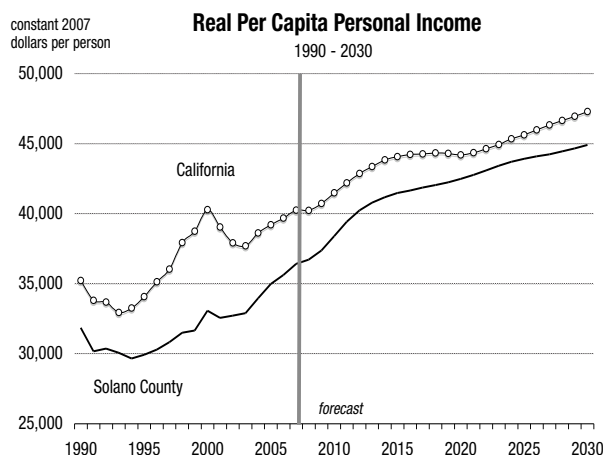
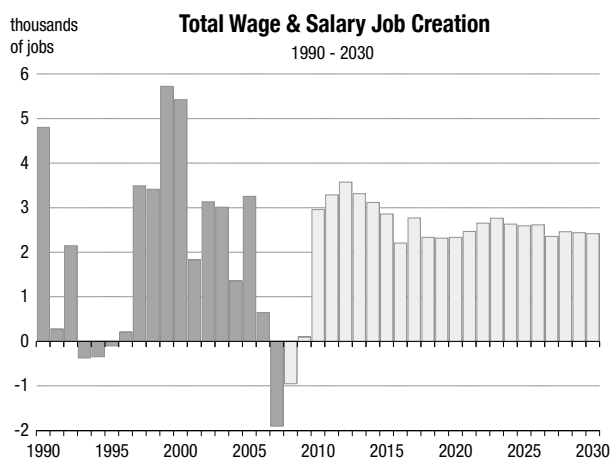
Only three sectors added jobs in 2007, leisure services, government, and healthcare and education, though all three grew by more than two percent. Employment in the construction and financial services sectors fell by 2,500 workers, a decline of 13.5 percent. The contraction was due primarily to a decline in home sales (down 57 percent from peak in 2004) and new home production (down 69 percent from peak in 2004). Retail trade employment fell 1.7 percent as consumer spending weakened.

Population growth remains positive in Solano County, but the growth rate during calendar 2007 was modest at 0.9 percent. The three largest cities in the county, Vallejo, Fairfield and Vacaville, account for over 75 percent of the total population. Hamstrung by rising salary costs and declining real estate and retail tax revenues, Vallejo filed for bankruptcy in May 2008, becoming the largest California city to do so.

Employment and population growth in Solano County is forecast to remain low through 2009, before recovering in 2010.

FORECAST HIGHLIGHTS

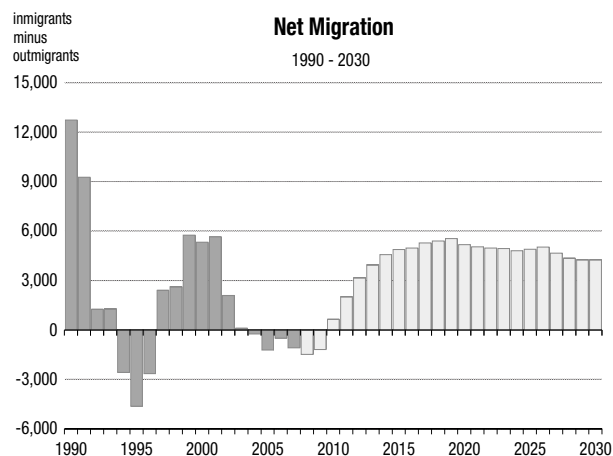
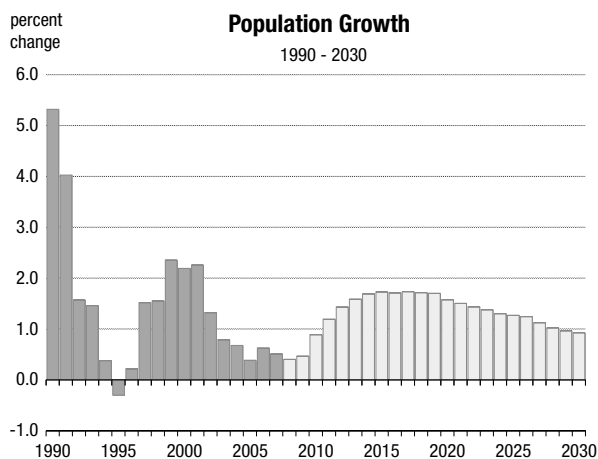
- Job growth will remain negative in 2008 at -0.7 percent. Over the next five years, the annual growth rate is forecast to average 1.4 percent per year.
- Salaries per worker adjusted for inflation are about equal to the California average, but are increasing at a faster rate than the state average. Real salaries are forecast to rise an average of 1.8 percent per year over the next 5 years.
- Over the next five years, all sectors experience some net positive job creation, except financial services. The fastest growing sector is expected to be professional services. Leisure services, government, and healthcare and education will also contribute to job growth. Construction employment falls by another 2,900 jobs in the near term forecast, but recovers by 2012.
- Population is expected to grow 0.4 percent in 2008. Annual growth in the 2008 to 2012 period is forecast to average 0.9 percent per year.
- Net migration will remain negative in the near term, but increase over the long run. From 2008 to 2012, an average of 600 net migrants enter the county per year.
- Real per capita income is forecast to rise 0.8 percent in 2008. Over the next five years real per capita incomes grow an average of 2.0 percent per year.
- Total taxable sales are expected to increase by an average of 3.2 percent over the next five years.
- Industrial production is expected to increase 2.6 percent in 2008. Over the next five years the growth rate of industrial production is forecast to average 3.3 percent per year.



Solano County Economic Forecast

1997-2007 History, 2008-2030 Forecast

	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
1997	373,900	2,410	280.8	124.1	1,542	\$3.3	\$8.6	\$30,821	3.4	281.7	1.30	6.4
1998	379,700	2,630	299.4	125.8	2,204	\$3.4	\$9.2	\$31,502	3.2	241.7	1.32	5.5
1999	388,640	5,763	312.2	127.1	1,953	\$3.9	\$9.8	\$31,659	4.2	244.8	1.40	4.6
2000	397,170	5,327	329.5	130.4	2,346	\$4.4	\$11.0	\$33,065	4.5	222.5	1.50	4.2
2001	406,140	5,653	345.6	131.7	2,560	\$4.7	\$11.6	\$32,559	5.4	211.2	1.42	4.6
2002	411,517	2,090	358.8	134.2	2,461	\$5.1	\$12.0	\$32,721	1.6	223.3	1.34	5.7
2003	414,759	92	356.5	136.7	2,678	\$5.3	\$12.4	\$32,896	1.8	235.4	1.58	6.4
2004	417,574	-240	377.5	138.7	3,022	\$5.8	\$13.0	\$33,959	1.2	229.6	1.77	5.9
2005	419,180	-1,209	375.1	141.2	2,553	\$6.0	\$13.8	\$34,984	2.0	254.4	2.01	5.4
2006	421,815	-499	379.7	143.8	1,300	\$6.5	\$14.5	\$35,618	3.2	241.1	2.07	4.9
2007	423,970	-1,086	383.7	144.9	943	\$6.5	\$15.4	\$36,419	3.3	245.8	2.13	5.4
2008	425,685	-1,484	384.3	146.5	272	\$6.3	\$15.9	\$36,716	2.0	240.7	2.18	5.7
2009	427,675	-1,184	385.6	146.8	275	\$6.5	\$16.6	\$37,367	1.8	246.1	2.24	5.6
2010	431,474	652	392.6	147.0	727	\$6.8	\$17.5	\$38,390	1.9	247.4	2.31	5.0
2011	436,620	2,026	402.4	147.7	1,081	\$7.2	\$18.6	\$39,420	2.4	240.6	2.40	4.7
2012	442,877	3,171	413.8	148.7	1,564	\$7.6	\$19.7	\$40,233	2.2	238.9	2.50	4.6
2013	449,896	3,960	424.9	150.2	1,981	\$8.1	\$20.8	\$40,784	2.3	239.1	2.62	4.6
2014	457,518	4,570	435.5	152.0	2,458	\$8.5	\$21.9	\$41,179	2.3	235.3	2.72	4.7
2015	465,430	4,879	445.3	154.3	2,682	\$9.0	\$23.0	\$41,474	2.6	233.4	2.85	4.7
2016	473,406	4,980	453.5	156.8	2,471	\$9.5	\$24.1	\$41,643	2.7	231.0	2.95	4.9
2017	481,627	5,280	462.0	159.1	2,715	\$10.0	\$25.3	\$41,858	2.7	221.5	3.06	4.9
2018	489,892	5,396	469.7	161.6	2,622	\$10.5	\$26.5	\$42,046	2.5	219.6	3.17	4.9
2019	498,221	5,545	476.8	164.1	2,511	\$11.0	\$27.7	\$42,235	2.5	216.8	3.30	5.0
2020	506,077	5,173	483.6	166.4	2,588	\$11.6	\$29.0	\$42,472	2.5	212.9	3.40	4.9
2021	513,689	5,050	491.0	168.8	2,345	\$12.1	\$30.4	\$42,757	2.4	204.7	3.52	4.9
2022	521,082	4,971	499.0	171.0	2,410	\$12.7	\$31.9	\$43,090	2.5	204.3	3.57	4.9
2023	528,285	4,939	507.5	173.2	2,439	\$13.3	\$33.3	\$43,426	2.5	196.3	3.65	4.9
2024	535,183	4,803	516.0	175.5	2,338	\$14.0	\$34.8	\$43,702	2.3	197.3	3.72	4.9
2025	541,985	4,893	524.4	177.7	2,237	\$14.6	\$36.2	\$43,908	2.4	194.1	3.78	4.9
2026	548,738	5,035	533.0	179.8	2,171	\$15.3	\$37.7	\$44,099	2.4	190.9	3.86	4.9
2027	554,928	4,668	541.4	181.8	1,952	\$15.9	\$39.2	\$44,241	2.5	187.7	3.95	4.9
2028	560,617	4,355	549.9	183.6	1,884	\$16.6	\$40.9	\$44,437	2.7	181.5	4.04	4.9
2029	566,039	4,267	558.6	185.3	1,836	\$17.4	\$42.6	\$44,663	2.7	180.9	4.14	4.9
2030	571,307	4,263	567.5	187.0	1,816	\$18.1	\$44.3	\$44,910	2.6	177.3	4.24	4.9



Solano County Employment Forecast

1997-2007 History, 2008-2030 Forecast

	Total Wage & Salary	Farm	Mining & Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
-----employment (thousands of jobs)-----												
1997	102.9	2.11	7.6	9.4	3.8	18.8	3.4	7.5	1.7	11.4	10.6	22.4
1998	106.3	2.17	7.7	9.7	3.8	18.8	3.4	8.6	1.8	11.9	11.2	23.1
1999	112.0	2.25	8.8	10.1	3.6	19.7	3.6	9.8	1.7	12.5	11.7	24.3
2000	117.4	2.28	9.9	10.3	3.3	20.1	3.8	11.5	1.7	13.7	12.0	24.5
2001	119.3	2.19	10.6	10.0	3.0	20.9	3.8	11.2	1.7	14.3	12.4	25.5
2002	122.4	1.95	10.9	9.5	3.0	21.8	4.7	11.7	1.8	14.5	12.3	26.4
2003	125.4	1.92	11.3	9.0	3.8	22.3	5.8	11.1	1.9	15.6	12.6	25.7
2004	126.8	1.98	12.1	9.1	4.4	22.4	6.0	11.4	1.7	15.4	12.8	25.0
2005	130.0	1.98	13.4	9.3	4.7	22.9	6.3	11.3	1.7	15.8	12.6	25.5
2006	130.7	1.73	12.6	9.7	4.7	23.0	6.2	11.5	1.6	16.2	13.0	26.0
2007	128.8	1.52	10.6	9.7	4.6	22.6	5.7	11.5	1.6	16.9	13.3	26.6
2008	127.8	1.61	9.0	9.6	4.7	22.8	5.3	11.6	1.6	17.2	13.7	26.4
2009	127.9	1.63	7.7	9.7	4.7	23.0	5.3	11.8	1.6	17.4	13.9	26.8
2010	130.9	1.64	8.9	9.7	4.7	23.4	5.4	12.1	1.6	17.7	14.1	27.2
2011	134.2	1.61	10.0	9.9	4.7	24.0	5.4	12.6	1.7	18.0	14.3	27.6
2012	137.8	1.60	11.0	9.9	4.7	24.6	5.5	13.2	1.7	18.3	14.4	28.3
2013	141.1	1.60	11.6	10.1	4.7	25.2	5.5	13.8	1.7	18.8	14.5	29.1
2014	144.2	1.59	12.2	10.1	4.7	25.8	5.5	14.3	1.8	19.3	14.7	29.9
2015	147.1	1.58	12.3	10.2	4.7	26.3	5.6	14.8	1.8	19.9	14.8	30.7
2016	149.3	1.57	12.0	10.2	4.7	26.9	5.6	15.1	1.8	20.5	14.9	31.4
2017	152.0	1.53	12.2	10.3	4.7	27.4	5.7	15.4	1.8	21.2	14.9	32.2
2018	154.4	1.53	12.1	10.3	4.7	27.9	5.7	15.7	1.9	22.0	15.0	33.0
2019	156.7	1.51	11.9	10.4	4.7	28.5	5.8	16.0	1.9	22.8	15.0	33.8
2020	159.0	1.50	11.9	10.3	4.7	29.0	5.8	16.2	1.9	23.7	15.0	34.5
2021	161.5	1.47	11.6	10.5	4.7	29.6	5.9	16.5	1.9	24.6	14.9	35.4
2022	164.2	1.46	11.7	10.4	4.7	30.1	5.9	16.7	1.9	25.6	14.9	36.3
2023	166.9	1.43	11.7	10.5	4.7	30.6	6.0	16.9	2.0	26.6	14.9	37.2
2024	169.6	1.44	11.6	10.6	4.7	31.1	6.0	17.1	2.0	27.6	14.9	38.0
2025	172.2	1.42	11.5	10.6	4.7	31.6	6.1	17.3	2.0	28.7	14.9	38.8
2026	174.8	1.41	11.4	10.7	4.7	32.1	6.2	17.6	2.0	29.7	14.9	39.6
2027	177.1	1.40	11.1	10.8	4.7	32.6	6.2	17.8	2.0	30.7	14.9	40.5
2028	179.6	1.37	11.0	10.8	4.7	33.1	6.2	18.0	2.0	31.8	14.9	41.3
2029	182.0	1.37	10.9	10.9	4.7	33.6	6.2	18.2	2.1	32.8	14.9	42.1
2030	184.5	1.36	10.8	10.9	4.7	34.0	6.3	18.4	2.1	33.7	14.9	42.8

